

The Washington Utilities and Transportation Commission, Contact: Marilyn Meehan  
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**State approves settlement on the proposed sale of Qwest's phone directory publishing business**

*Customers will receive one-time \$30 bill credit as well as future bill credits*

**OLYMPIA, Wash.** – State regulators today approved a settlement agreement on the proposed sale of Qwest's telephone-directory publishing business, known as QwestDex.

The Washington Utilities and Transportation Commission (WUTC) accepted a settlement that allows Qwest to sell its yellow-pages phone directory operations to a private investment firm. The commission noted its difficulty in choosing among various alternatives, all of which presented risks and uncertainties.

"Finally, and importantly, the sale of Dex has already gone forward in seven of Dex's 14 states," said the commissioners in a written decision. "Five of the remaining seven states have either approved the sale, or said that no approval is required. Washington cannot control the outcome of the overall sale in other states. To the contrary, we must take into account the sale in the other states when determining the effects on Washington. That is, we need to examine the risks of sale or non-sale in Washington, in light of action in the other states."

The commission finds that the settlement agreement posed the best balance of risks. Under the settlement agreement, Washington's customers will receive a one-time credit of \$30 on their phone bills. This will amount to about \$67 million and reflects a portion of Washington's share of the proceeds from the proposed sale of Qwest's phone directory publishing business.

When Qwest proposes rate increases over the next 15 years, the WUTC will require it to factor in the estimated amount of revenue it would have received if it had retained its yellow pages business. That amount will be \$110 million for the first four years, and \$103.4 million for the following 11 years.

The agreement also requires Qwest to continue its customer-service guarantee programs, such as the \$50 missed appointment until at least 2005. In addition, the company has agreed to improve access for its eligible low-income customers who participate in the Washington Telephone Assistance Program, a discounted telephone service.

Originally proposed on May 16, the settlement agreement was submitted to the WUTC by the Public Counsel division of the Attorney General's Office, Washington Electronic Business and Telecommunications Coalition (WeBTEC), the U.S. Defense

Department, AARP (formerly the American Association of Retired Persons) and the company. The commission staff, which makes independent recommendations on cases before the three-member WUTC, opposed the sale and did not participate in the settlement agreement.

Qwest provides telephone service in 14 Midwest and Western states. In 2002, Qwest agreed to sell the telephone directory publishing business to two private investment firms. The transaction was concluded in Colorado, Iowa, Minnesota, Nebraska, New Mexico, North Dakota and South Dakota. In five of the remaining seven states (Idaho, Montana, Oregon, Utah and Wyoming) approval has been granted or is not required. The Dex sale is pending state approval in Arizona.

Denver-based Qwest is the largest local telephone company in Washington serving about 8 out of 10 residential and business customers in the cities of: Seattle, Tacoma, Bellevue, Olympia, Bellingham, Aberdeen, Longview, Vancouver, Bremerton, Spokane, Moses Lake, Yakima, Pasco and Walla Walla.

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